

Castle: College Cost Too High, New Law Will Help -- September 27, 2007

Washington, DC-- Delaware Congressman Mike Castle commends Congress and President Bush for agreeing on ways for American students to access higher education opportunities. Today the President signed the College Cost Reduction and Access Act, which will expand one of America's most important and successful education initiatives -- the Federal Pell Grant Program.

Some students would see an immediate boost of almost \$500 in their Pell Grant scholarship in the 2008-2009 school year alone. Roughly 5.5 million low- and moderate-income students will benefit from this increase. According to the U.S. Department of Education, Delaware students would receive an additional \$3.1 million in Pell Grant aid for the next school year and \$34.5 million over the next five years. The state received \$21.9 million in Pell Grant funds this year.

Over the past five years, the average cost of in-state tuition and fees at public colleges has jumped 35% - after adjustment for inflation - according to the College Board. In the past 25 years, the average cost of tuition and fees has risen faster than personal income, consumer prices and even health insurance. For academic year 2006-07, the average cost of tuition, room and board at a public university was \$12,796; for a private school, the total averaged \$30,367.

"College costs are rising exponentially and federal assistance is one way we can increase access to higher education. The bill signed today increases the maximum value of the Pell Grant scholarship by \$1,090-- increasing the maximum award from \$4,050 -- to \$5,400 by 2012. About 5.5 million students who receive Pell Grant scholarships each year would see an immediate increase of \$490 in their maximum Pell Grant scholarship in the next year

"In addition to this federal step, institutes of higher learning should review their own costs in order to ease the increasing costs to student in tuition and fees. As State Public Interest Research Groups (PIRG) Higher Education Project found, over half of our students are graduating from college with unmanageable debt. Increasing aid is only one piece of the puzzle. Colleges and Universities have a responsibility here also, Castle said.

Additionally, this law will also cut interest rates on need-based student loans in half, from 6.8 percent to 3.4 percent, over the next four years. Once fully phased-in, this would save the typical student borrower - with \$13,800 in need-based student loan debt - \$4,400 over the life of the loan. About 6.8 million students take out need-based loans each year. Many of the benefits within the bill are paid for by reducing the subsidies that the federal government currently makes to student loan lenders.

"The most important thing we can do for American competitiveness and to ensure our leadership in the global economy is to invest in the education of our students. This new law opens doors for millions of youth faced with the challenge of paying for college," Castle said.

The College Cost

Reduction and Access Act would also ease the financial burdens college costs impose on students and families and expand college access for low-income and minority students by:

- Making loan payments more manageable for students;

- Providing tuition assistance for excellent undergraduate students who agree to teach in high-need subjects in high-need schools;

- Making a landmark new investment in minority serving institutions, including Historically Black Colleges and Universities and Hispanic Serving Institutions, for critical support services that help recruit and retain students; and

- Encouraging and rewarding public service by providing loan forgiveness for college graduates that go into public service professions, such as military officers, first responders, firefighters, nurses, law enforcement officers, prosecutors, early childhood educators, public defenders, librarians, and others.

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